



## KENO QUESTIONS FOR CONNECTICUT LOTTERY CORPORATION (CLC)

By: Veronica Rose, Chief Analyst

Keno is a game of chance in which players select numbers (typically 10 to 15) and try to match them with numbers (typically 20) randomly generated from a field of one through 80. The more numbers a player matches, the bigger the payout. Payouts vary depending on game structure and frequency of drawings.

[PA 13-184](#) allows CLC to offer keno under negotiated agreements between the state and Mohegan and Mashantucket Pequot tribes. Under the agreements, the state must give the tribes up to 12.5% of the gross keno revenue (i.e., the total amount wagered less prize payouts).

[House Bill 5387](#) seeks to repeal CLC's authorization to offer keno. A public hearing is scheduled on the bill before the Public Safety and Security Committee on March 4.

in adjoining states?

### KENO LEGISLATION

1. Was CLC consulted about the keno proposal before the legislation was enacted? If yes, what did CLC contribute to the discussion? If no, how and when did CLC learn about the proposal?
2. The keno legislation was implemented without any public input. What kind of feedback, if any, has the corporation received from lottery retailers and the public about keno?
3. What are some of the arguments for repealing the law?

### REVENUE

1. How much revenue is keno expected to generate annually? By approximately what percentage would this expand lottery revenue?
2. To what extent are keno revenue estimates subject to change if additional gambling facilities are built

3. The Mashantucket Pequots and Mohegans currently have revenue-sharing agreements with the state giving them the exclusive right to operate slot machines in exchange for 25% of gross slot machine revenue. How does the revenue projection for keno compare to the revenue the state currently receives from the tribes under the agreements?
4. How have keno sales affected traditional lottery sales in other states?
5. What impact will keno have on the corporation's other revenue streams?
6. What percentage of keno revenue is traditionally derived from new bettors as compared to existing bettors?
7. How many states offer keno and how many offer it as a lottery game? On average, what percentage of lottery revenue in these states is attributable to keno?
8. Do any of the states that offer keno have Indian gaming compacts? If yes, do any of them share the keno revenue with the tribes as contemplated in Connecticut? If yes, what percentage do they give to the tribes?

## **TRIBAL-STATE KENO AGREEMENTS**

[PA 13-184](#) authorizes the Office of Policy and Management, on the state's behalf, to enter into keno agreements with the tribes.

1. Do you know the status of the agreements?
2. Approximately how long will it take from the time the agreements are signed before the first keno venue will begin operating? Is CLC ready to market and administer the game?

## **CLC KENO DEVELOPMENT PLAN**

1. What has CLC done so far in terms of developing and putting mechanisms in place to operate keno?
2. How much has CLC already spent on developing the game and on what specifically was the money spent? If keno is not implemented, how much of this money could be recouped?
3. How much will it cost CLC to fully implement keno?
4. In states where keno is authorized, it is typically played in bars, restaurants, and convenience stores. In what type of establishments would CLC authorize keno?

5. In Massachusetts, people can play keno at more than 5,000 locations.
  - In how many locations will keno terminals be placed in Connecticut, and how were the locations selected?
  - Is the plan to have all the keno establishments begin offering keno at once or to stagger the start-up?
  - Will the locations or operators be licensed? If yes, would there be a cap on the total number of licenses issued?
6. Will a town be able to opt out of having keno venues within its boundaries?

## **GAME OPERATION**

1. How frequently will keno drawings occur? Will drawings take place every day?
2. Will there be a limit on how much can be wagered?
3. At what time of the day will drawings take place?
4. What percentage of sales will be (a) paid in prizes, (b) given to keno establishments, and (c) returned to the state?

## **PLAYER PROFILE**

1. Who is the typical keno player? Is it the same person who plays traditional lottery games?
2. Do you have any demographic information on keno players in other states? For example, are they poorer or richer than participants in other forms of gambling?

## **COMPULSIVE GAMBLING**

1. How addictive is keno relative to other forms of gambling?
2. What has been other states' experience with problem gambling when keno was introduced?
3. Does CLC's keno plan contain funding for problem gambling?
4. According to the Connecticut Council on Problem Gambling, keno would increase the risk of problem gambling among minors (<http://www.ccpq.org/press-release/why-keno-is-not-the-answer/>). Is there sufficient research to support this conclusion?

## **POLICY**

CLC is a quasi-public agency charged with serving a public purpose, specifically (1) operating and managing the lottery in an entrepreneurial and business-like manner, (2) increasing lottery revenue by "being responsive to market forces and acting generally as a corporation engaged in entrepreneurial pursuits," and (3) operating the lottery with integrity and for the public good (CGS § [12-806](#)).

1. Do you see any tension in this mission? What is your understanding of the “public good?” How does keno serve the public good?
2. Is there an optimum size for a state lottery? Is there a point at which the lottery does more social harm than financial good?

VR:ro